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Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Robertson

FROM : CA - Howard P. Jones

SUBJECT: Current Comments re Formosa

DATE: April 9, 1954
 DEPARTMENT OF STATE
 REVIEWED BY: P. A. Jones
 DATE: 4/10/54
 BUREAU OF FAR EASTERN AFFAIRS
 APR 20 1954
 ASSISTANT SECRETARY OF STATE
 Department of State
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In view of the limited time we had with the Secretary the other day, I take the liberty of suggesting that the following be a summary of recent developments on Formosa may be worth passing on to his perusal.

1. Morale on Formosa I commented that at the top level it varied with news from Washington; at the level of the common soldier, it was good. We did not have opportunity to discuss the effect of the political division headed by Chiang Ching-kuo on military morale. It is essential that the political division be taken out of the chain of command. This is the major morale problem in the Army. But, generally, I think it fair to say that the effect of the work of the political division on the ordinary soldier has been to give him an idea of what he was fighting for and thus to make him a better instead of a worse soldier. This, plus the improvement in his equipment, his clothing, his food and his inclusion in a full-strength effective fighting unit, has unquestionably resulted in improved morale. General Chase of MAAG rates the morale of the Chinese Army as satisfactory.

Morale on Formosa is based entirely on Chinese hopes for a return to the mainland. Consequently, all developments which tend to strengthen the armed forces, the international position of the Government, or the economic backstop to the military program, tend to improve morale. In the past two years, there has been a marked improvement in morale due primarily to the strengthening of United States policy toward Formosa and the step-up in our military aid program.

2. Chinese Reactions to Geneva In a word, bad, up to the time I left. The Secretary's recent speech, however, certainly must have assuaged their fear that Geneva meant letting Red China into the United Nations by the back door.

3. Mutual Security Pact The Chinese would feel more certain of the United States position if such a pact were negotiated. They find it difficult to understand why, when we are so committed in deeds to the support of the Republic of China, we are not willing to put on paper similar guarantees to those we have given other nations in the Far East.

Comment:

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Comment: I would recommend the conclusion of such a pact as soon as possible. In conjunction with its negotiation, I would obtain from the Chinese a commitment, not necessarily in writing, to undertake such reform as the United States deems essential to make Formosa in fact as well as in theory a rallying point of freedom in the Far East. This is delicate as it involves matters of internal governmental policy. But our influence with the Chinese will increase greatly with the signing of such a pact in the civilian as well as in the military area of government.

4. Increase in Chiang's Military Forces These forces when fully equipped will constitute an effective defense force. They will not constitute a force with offensive capabilities. Military authorities, both Chinese and American, agree that, with a relatively small increase in our effort, these forces could be developed into an effective offensive force.

Comment: The basic policy question as to whether the United States desires to create a "strategic reserve" should be decided as soon as possible. In my view, we would be "penny-wise and pound-foolish" not to do so. An effective military force on Formosa, with offensive capability, would represent a constant threat to the Chinese Communists and a deterrent to further aggression. In the event of aggression, this force would be ready for employment in the interest of the free world as the United States saw fit to use it. The fact that this force would be wholly dependent upon the United States for logistical support should enable us to control its actions.

In my view, we cannot stand still in the Far East. To stand still would mean to lose Asia to the Communists. Should this happen, we would not only fail to attain our objectives as regards Asia, but the chance of preserving world peace would be slim indeed.

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